

CALIFORNIA EMPLOYER

First Quarter 2010

Seminars Offer Valuable Information on State and Federal Tax Laws

Need help understanding and complying with California payroll tax laws?

We offer seminars on various tax-related topics customized to benefit new employers, established businesses, bookkeepers, and payroll agents.

Some of our seminars are presented in partnership with federal or state agencies to provide information on related federal tax and labor laws.

Seminars are offered at various locations throughout the state with no charge to participants.

Federal/State Basic Payroll Tax Seminars cover:

- Federal and state payroll reporting requirements.
- Employer obligations, forms and payment requirements.
- Electronic filing and payment options.
- Independent contractor reporting.

Employee or Independent Contractor Tax Seminars include:

- How to distinguish between an employee and an independent contractor.
- Basics of statutory employment.
- Independent contractor reporting requirements.
- Ways to get assistance.

State Labor Law and Payroll Tax Seminars are co-presented by EDD and the Department of Industrial Relations. Topics include:

- Record keeping, reporting and payment requirements, and employer obligations.
- Common wage and hour law application.
- Employer and employee rights and responsibilities.
- How to distinguish between employees and independent contractors.

State Basic Payroll Tax Seminars include:

- How and when to report state payroll taxes.
- How to distinguish between employees and independent contractors.
- Independent contractor reporting.

State Payroll Tax Workshops are recommended for those who have previously attended a Federal/State Payroll Tax seminar who would like:

- Hands on training in calculating taxes and completing payroll tax forms.
- Additional practice.

How to Manage Unemployment Insurance (UI) Costs Seminars cover:

- How to minimize unemployment insurance costs.

Important Information on the Telefile Program!

*For Employers of Household
Workers Only*

If you used the Automated Telefile System that was phased out in December 2009 to file *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW) and *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW), you can call our Taxpayer Assistance Center at (800) 796-9330 to have your forms prepared for you by a Customer Service Agent.

You can also submit the paper forms which can be downloaded from our Web site at:

**[www.edd.ca.gov/Payroll_Taxes/
Forms_and_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm)**

- What is an unemployment insurance reserve account.
- How to apply for tax credits.

To view a complete list of seminar topics, dates and locations, or to register for a seminar, visit the EDD Web site at **www.edd.ca.gov/Payroll_Tax_Seminars/**. Additional information is also available at our Taxpayer Assistance Center at (888) 745-3886.

Disability Insurance Changes for 2010: Contribution rate is 1.1%

Effective January 1, 2010, the State Disability Insurance (SDI) contribution rate is 1.1 percent (.011) and the SDI taxable wage limit is \$93,316.

The SDI taxable wage limit is the maximum amount of wages per employee each year subject to the SDI contribution. The maximum yearly contribution per employee is \$1,026.48.

Workers covered by SDI are covered by the Disability Insurance (DI) program and the Paid Family Leave (PFL)

program. For 2010, the maximum weekly benefit is \$987 per week.

Claimants qualify for the maximum amount provided they are otherwise eligible, and they have earned at least \$23,305.46 or more in at least one quarter of the base period used to calculate the amount of their claim award.

The new maximum benefit amount is applicable to DI and PFL benefit claims as prescribed in the California Unemployment Insurance Code.

For more information on DI and PFL qualifications and to download posters, brochures, and a chart showing the weekly SDI benefit amount, visit our Web site at **www.edd.ca.gov** or call DI at (800) 480-3287 and PFL at (877) 238-4373.

Deaf, speech impaired, and hard of hearing callers, can contact DI at (800) 563-2441 (TTY) and PFL at (800) 445-1312 (TTY). These numbers do not accept voice calls.

Work Sharing aids employers, workers

The Employment Development Department's Work Sharing program lightens the burden of an economic downturn on both employers and employees. Work Sharing offers a welcome alternative to layoffs. Employees continue to work, although on a reduced schedule. Employers retain a full workforce of skilled employees ready to respond quickly when the economy begins to recover.

A company with 100 employees, for example, may need to lay off 20 percent of its workforce as business slows. When it chooses to participate in Work Sharing, the company keeps its full workforce but moves to a four-day work week. That allows the employer to achieve the same 20 percent savings in payroll costs but without layoffs. Employees not only keep their jobs but they also receive Unemployment Insurance (UI) benefits to make up for part of their reduced wages.

To be eligible for the program, an employer must reduce both hours and wages by 10 percent or more. The reduction must affect at least two employees who comprise at least 10 percent of the workforce. Employers who wish to participate should call (916) 464-3343 or write to EDD Special Claims Office, Box 419076, Rancho Cordova, CA 95741-9076.

Employees participating in the program will receive a UI benefit adjusted to reflect their reduced hours and wages. For example, a worker who was laid off would receive \$300 a week in UI benefits. A worker whose hours and wages were cut 20 percent would receive \$60 a week, 20 percent of the full benefit.

Employers will be charged on a prorated basis that reflects the amount of benefits awarded their workers. More information is available by calling the EDD Contribution Rate Group at (916) 653-7795.

Employment Status Course Available on Internet and CD

Want to learn more about the basics of classifying workers as employees or independent contractors, but don't have time to attend a classroom seminar? Our Web-based class is designed for you!

The Employment Status course explains common and statutory law as it is applied by the Employment Development Department (EDD) and the Internal Revenue Service (IRS) and discusses re-

sources to assist employers in properly classifying workers as either employees or independent contractors.

This course is available in Spanish and English. It takes only 1.5 hours to complete and you may view it at your convenience. It is available at no charge as a Compact Disc (CD). Access the course at www.edd.ca.gov/Payroll_Taxes/Web_Based_Seminars.htm. To order the free CD, call (916) 464-3518.

Military Spouses Residency Relief Act Is Passed

This Act, effective 2009, specifies that a spouse of a service member may be able to exclude wages from personal income tax if the spouse is not a resident of the jurisdiction when the income is earned.

Employees who are affected should submit a new *Employee's Withholding Allowance Certificate* (DE 4) to their employer. The DE 4 is available online at www.edd.ca.gov/pdf_pub_ctr/de4.pdf. Employees may be eligible for a refund when they file their 2009 state income tax. For additional information contact the Franchise Tax Board at www.ftb.ca.gov or (800) 852-5711.

Correction regarding ETT tax rate

An article on Page 3 of the Fourth Quarter 2009 issue of California Employer contained an error regarding the Employee Training Tax (ETT) rate. The article should have stated that the ETT tax rate will remain at 0.1 percent (.001) in 2010.

Board of Equalization Fees for Lead Poisoning Prevention

Do you have 10 or more employees who were each employed 160 hours or more in the calendar year? Are you an employer in an industry category that has been identified as having potential for occupational lead poisoning?

If so, you may have to register with the Board of Equalization (BOE) and file occupational lead poisoning prevention fee returns. See BOE publication 94, *Occupational Lead Poisoning Prevention Fee*: www.boe.ca.gov/pdf/pub94.pdf.

Do you have 50 or more employees who were each employed more than 500 hours in the calendar year? If your answer is yes, then you may have to register with BOE and file environmental fee returns. For additional information, see BOE publication 90, *Environmental Fee*, online at www.boe.ca.gov/pdf/pub90.pdf.

For more information, contact: Environmental Fees Division MIC: 57, Board of Equalization, Box 942879, Sacramento, CA 94279-0057, or call (916) 323-9555.

Guide Helps Employers Save Time While Meeting Child Support Requirements

A new online guide helps employers save time while meeting California child support requirements.

California Child Support – A Guide For Business is a complete step-by-step guide to child support requirements, with tutorials on electronic fund transfers, combining multiple payments and remitting child support wage withholding. Other topics include new hire reporting, redirection of child support wage withholding payment to the State Disbursement Unit, health insurance requirements and more.

The guide includes links to important websites, publications and forms. The guide is on the California Department of Child Support Services website and can be downloaded at: www.childsup.ca.gov/Employers. Employers are encouraged to sign up for the DCSS employer Listserv, **E-Update**, on the same web page. Send questions and comments about these issues to: DCSSEmployerUpdate@dcss.ca.gov. For further information, contact Randy Juster at (916) 464-3256.

State and federal law requires employers to remit all child support wage withholding payments to the California State Disbursement Unit, P.O. Box 989067, West Sacramento, CA 95798. For questions on redirecting payments to the California SDU, call (866) 901-3212.

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